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EXAMINER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Paper No. 25

Application Number: 09/634,041
Filing Date: August 08, 2000
Appellant(s): RYAN ET AL.

Ronald Reichman
For Appellant

EXAMINER'S ANSWER

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

Appellants' statement identifying no related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is incorrect. The Board is hereby notified of US serial No.09/634,040 filed 8/8/2000 entitled **METHOD FOR OBTAINING SECURE RECEIPTS SALES AND/OR USE TAXES ON SALES THAT ARE MADE VIA THE INTERNET AND/OR CATALOG.**

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is deficient because the scope of what is attempted to be summarized is not what is claimed.

(6) *Issues*

The appellant's statement of the issues in the brief is correct.

(7) Grouping of Claims

The appellant's statement in the brief that certain claims do not stand or fall separately as alleged but rather do so together with claim 1; the statement is not agreed with because Groups D, E and F are not argued separately and hence must rise and fall with claim 1.

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Prior Art of Record

5,335,169	Chong	8-1994
6,078,899	Francisco et al.	6-2000
6,321,256	Himmel et al.	11-2001
5,193,057	Longfield	3-1993

**RFP #001185 NORTH CAROLINA DEPARTMENT OF REVENUE, JUNE 16,2000,
PP1-29**

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-5, 8-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Chong in view of Francisco et al and Appendix A of RFP 6/1/200 and Himmel et al.

Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Chong in view of Francisco et al and Appendix A of RFP 6/1/200 and Himmel et al. as applied to claims 1-5,8-16 and further in view of Longfield.

These rejections are set forth in prior Office Action, Paper No. 9.

(11) Response to Argument

Preliminary Statement

The root of this appeal is whether a patent should be granted to the Pitney Bowes Corporation even though a public Request for Proposal RFP # 001185 published by the state of South Carolina and cited by Appellants as prior art substantially, if not totally, discloses the claimed invention. It is unclear from the record whether Appellants won the bid for this proposal, and thus have filed the present application based merely on contractual obligations set forth in the RFP to do so. But, one thing is clear however, except for the claimed feature of "segmenting", the RFP reads almost squarely on the claims at issue. As such, the Examiner correctly employed the provision of section 103 to combine the RFP with the patent to Chong which the Examiner believes answers the segmenting limitation. Appellants' Brief fails to rebut the prima facie case of obviousness established by the Examiner and thus the rejections must be upheld. Boyd v. Quigg, 7 USPQ2d 1904 (DC DC) 1988.

1. Setting the Record Straight

Appellants' Brief wrongly gives the Board the impression that the Examiner has somehow agreed that a feature, so called, "anonymity", is not *disclosed* by any of the art of record. See, Appellants' Brief, page 14, lines 6-8. This is simply not true. A more careful reading of the involved Examiner's statement indicates the Examiner's comment merely states: "... neither of the above references **discuss** the feature of anonymity ...". Two points of distinction should be understood here. First, the "neither" used by the

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Examiner on page 3, of the Final Office Action, line 15, refers only to the Francisco et al. and Chong references, and not to the RFP # 001185 reference. RFP # 001185 clearly sets forth the requirement for anonymity on the bottom of page 15. Appellants would have the Board believe that the Examiner was referring to all three, Chong, Francisco and the RFP references because he states "[t]he Examiner agreed that the above restriction is not disclosed in the *cited references*." But, the Board should understand what the writer's intent was, as manifested by his word "neither", which albeit was somewhat unclear, nevertheless *was limited to the Chong and Francisco et al. references*.

Second, expressing that a reference does not "discuss" an item does not necessarily mean it does not disclose it as Appellants have so misstated. For example, a disclosed feature could occur by virtue of an illustrated feature in a drawing, which is not discussed, but still nevertheless disclosed. Also, a disclosure could even be inherent to a given environment, even though not discussed. Therefore, the Board must preliminarily understand that (1) the statement by the Examiner about no discussion of anonymity refers only to the Francisco et al and the Chong references, and not to the RFP reference which clearly discloses privacy, and (2) that regarding any of the references to which the statement was directed, "not discussing" a feature does not necessarily mean not disclosing it.

Still further, the assertion that the prior art fails to disclose a feature of anonymity does not accurately reflect on what is recited in the claims. Base claim 1 recites "wherein the identity of the seller is not revealed to the taxing jurisdiction". This phrase

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does not define anonymity because anonymity would be the lack of identity anywhere in the scheme, which is not the case here –retailers are still known at least to the agent. Thus, the Board in proceeding with its analysis should understand that much of what is at stake here is the definition of a limitation of what something is not, rather than what it is.

2. The Applied Art

Group A: Claims 1-5, 8-16

The disclosure in Chong on its face answers to the majority of limitations recited in claim 1, and those to which it does not outright answer, it secondarily suggests features which contribute to its obvious modification.

Claim 1 recites:

a) collecting information regarding remote sales made by buyers:

a')Chong in its "Background" information makes it clear in col. 1 lines 14-24 that sales are being made and tracked in "national or global markets" and thus are remote. Furthermore, the passage goes onto state that the system/method of Chong "collects" and "reports their sales transactions and collected taxes to each applicable taxing jurisdiction or authority". (col. 1 lines 18-21). Again in Col. 4 lines 46-52 Chong discusses a location code to demark where each remote sale occurs. Hence, limitation (a) of Appellants' claim 1 is met by Chong.

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Claim 1 recites:

(b) calculating the correct taxing jurisdictions sales and/or use tax to be paid by buyers for remote sales.

(b') Chong meets this limitation wherein in Col. 2 lines 4-12 it is disclosed that the object of the invention is to " automatically [track] the appropriate sales tax rates, sales types and taxing jurisdictions ", "for multiple types of rate assessments on transactions". Also, col. 2, lines 42-43 Chong recites determining "a rate assessment amount as computed by application of the assessment rate ...". Thus, Chong answers the limitation (b) set forth in claim 1.

Claim 1 recites:

(c) "collecting by sellers from buyers the correct sales and/or use tax".

(c') Chong does collect correct sales and/or use taxes with the sale price of each transaction (col. 1 lines 18-21). The plural form of "sellers" is met by the disclosure in Chong of plural sales outlets maintained in plural jurisdictions. Thus, Chong answers the limitation (c) set forth in claim 1.

Claim 1 recites:

(d) collecting by an agent the correct sales and/or use tax received by sellers;

(d') The method of Chong does not disclose the use of an agent. This is because it involves a single seller dealing with plural buyers. Nevertheless, Chong provides the suggestion for using one because it discusses in col. 1 lines 14-24 the

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“plural companies”, and hence, the plural form would lend itself to the necessity of a system common to all. This statement provides the suggestion to combine Chong with a reference disclosing use of an agent, such as RFP #001185.

Claim 1 recites:

(e) segmenting ... sales and/or use taxes and the information collected ... for particular taxing jurisdiction into different databases wherein the identity of the seller is not revealed to the taxing jurisdiction.

(e') Chong answers the above phrase. What it lacks is the use of an agent. This is because the method of Chong discloses a company's use of a tax tracking system, and it tracks customer sales in order to determine its tax liability. Notwithstanding this, the method used by Chong is still in fact the same segmenting methodology used by Appellants. More specifically, Chong in col. 4, lines 46-68, discloses identifying a customer by “customer identification code” and a “customer location code” which “is indexed to the corresponding support file”. Moreover Appendix G in the Chong patent illustrates that the identity of each customer is referenced by “CUST #” and further is “grouped by taxing authority”. (col. 6 line 55). Thus, Chong clearly discloses segmenting information, e.g. sales data, according to a “particular taxing jurisdiction” because Chong discloses grouping sales data by taxing authority rather than by person's name. Appellants' segmenting feature is clearly met by the Chong method/system. See, SRI Int'l v. Matsushita Elec. Corp., 775 F.2d 1107, 1121, 227 USPQ 577, 586 (Fed. Cir. 1985) (en banc) (claim language defines claim scope); Toro

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Co. v. White Consol. Indus., 199 F.3d 1295, 1299, 53 USPQ2d 1065, 1067 (Fed. Cir. 1999). (as a general rule, claim language is given the ordinary meaning of the words in the normal usage of the field of the invention.)

Most important, because Chong discloses identifying its customers only by a "CUST #" rather than by name, Chong in fact has revealed the identity of its customer to **no one**, including the taxing authority. Moreover Chong, col. 7 lines 36-42 discusses handling of data in order to accomplish reporting functions by sorting sales records by sales type codes and not by name – a clear use of not revealing any identity. Thus, the majority and material parts of limitation (E) of claim 1 are met by Chong.

Claim 1 recites:

(f) paying each taxing jurisdiction the taxes that are due."

(f') It is considered obvious to pay the taxing authorities money that is due them once taking on the task of determining what is due. Notwithstanding, this step anyway follows as an obvious expedient of the combination of references applied in the Final Office Action as will be come apparent below. Furthermore, nowhere is the paying feature contested by Appellants in their brief. Since Appellants arguments referencing claim 1 focus only on the issue of anonymity between agent and the government, the Board should consider this feature conceded.

The Combination of Chong in view of RFP # 001185 or Francisco et al.

As is apparent from the above, Chong answers each and every limitation of claim 1, including the anonymity feature, except for employing an agent to collect the taxes due. Both RFP # 001185 and Francisco et al. disclose collecting by an agent and paying sales tax using that agent (See, RFP p. 25 Model 1 and Francisco et al at col. 1, lines 45-50). There can be no clearer evidence of what was known at the time of the invention to those of ordinary skill in the art than what was published in RFP # 001185, a document which by definition educated the public to the description of a collecting agent.

Page 25 of RFP 001185 clearly discloses as prior art the description of what an agent is and what its responsibilities are:

Under this model, a retailer selects a CSP (certified service provider) as an agent to perform all the retailer's tax functions. The agent then determines the amount of tax due, pays the tax to the states, and files returns with the states using a CAS (certified automated system).

Hence, there can be no doubt that use of an agent to collect taxes for another was not just known, at the time of the invention, but based on the disclosure in RFP 001185, was in fact promoted as part of a public invitation to bid.

Even still, RFP #001185 further discloses the feature of privacy which answers Appellant's limitation of anonymity. RFP # 001185 clearly sets forth the privacy feature as a requirement of the proposal on page 15:

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Privacy. -- A proposal must include procedures to protect the privacy of consumers and retailers in accordance with the following:

- The Contractor is bound by the law of North Carolina prohibiting the disclosure of tax information.
- The Contractor must limit the collection, storage, processing, and dissemination of **personal data to that** which is relevant and necessary to the successful operation of the Pilot. Personal data is data that identifies a purchaser, such as name and address.
- The Contractor may not data-mine or sell any personal data gathered under the Pilot and, except as required by the State to administer sales and use tax, may **not transfer any personal data** gathered under the Pilot to any other person.
- The Contractor must provide reasonable safeguards against the risk of unauthorized access, processing, or dissemination of personal data. • The Contractor must provide a privacy notice for any on-line collection and must have a procedure whereby individuals can obtain and correct personal data about them that is maintained by the Contractor.

Thus, even if Chong could not be said to disclose an anonymous system, RFP #001185 provides the teaching of such a feature. Appellants would have the Board believe that there is no motivation for combining Chong with RFP 001185. However, Appellants have been usurped by their own admitted prior art. Page 4 of RFP 001185 entitled "Part 1 Purpose and Goals" of the RFP sets forth clear motivation for the reasonable expectation of success saying:

The key element is the use of an agent to perform the sales tax administration functions of a retailer and thereby relieve the retailer of as much of the burden of compliance as possible.

Thus, with such clear motivation set forth in RFP 001185 for using an agent to absorb burden of the tax compliance for a company, it would be an obvious step to employ such an agent in Chong. This is because like motivations are found in both references. Specifically, Chong discloses in Col. 1 lines 55-57:

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[t]hese different tax collection and reporting requirements can be very confusing and onerous for a company ...

Therefore, there can be no doubt that the motivation in both references is to relieve burden and onerous requirements. All that would need to be done in Chong to make this successful would be to outsource its tracking system to an agent, rather than keep it in house.

Francisco et al. is an Alternative Secondary Reference to the RFP.

Francisco et al was included in the rejection merely as an alternate reference to RFP 001185 in order to emphasize the clearly well know expedient of using an agent to collect taxes. Clearly indicated by Francisco et al at col. 2 lines 19-25 are statements supporting motivation to employ third party tax collecting agents:

there exists a need in the art for a system and corresponding equipment and method to be implemental which increase the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies. By insuring that a larger percentage of retail transactions are reported to taxing authorities, ... a lesser number of violators will slip through the cracks."

Thus, while Francisco et al is offered as supplemental secondary reference cumulative to RFP 001185, it nevertheless provides another motivation for modifying Chong to use a third party tax collecting agent; that being *to ensure greater incidences of tax reporting to governments.*

Himmel et al. Is Used As An Evidence Reference to Support an Official Notice Statement

Finally, notwithstanding the above, the patent to Himmel et al has been cited merely as evidence of the notoriously well known practice of restricting access to files, in particular in the internet environment. The Examiner's statement of Official Notice was challenged by Appellants during prosecution of this application and thus Himmel et al. was cited merely to evidence this position. Thus, the Examiner further submits that anonymity of records in database files is an old and obvious expedient in the art of networking.

(B) Claims 5 and 6 Do Not Present Any Patentable Distinction To Claim 1.

Claim 5 is made obvious by Chong in col. 6 lines 45-70 discloses at length the filing of reports to e.g. the IRS "(via form 1099), and hence answers the recital of claim 5 of filing reports for sellers with the taxing jurisdictions for the taxes that been collected.

Claim 6 is made obvious by Chong in view of Francisco et al, Appendix A of RFP and further in view of Longfield. Appellants admit that "Longfield discloses the filing of tax returns and the financing by the agent as recited in claim 6", but appears to challenge the combination under Section 103. However, Longfield like the Francisco et al and RFP 001185 references, discloses using an agent authorized to prepare taxes (col. 1 line 57), in order to effect more quick return of refunds. Thus, there is clear motivation on the part of Longfield to streamline using electronic means to effect more rapid completion of the tax process. This motivation is absolutely congruent with RFP

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00001185 and thus the mere feature of using the agent to filing a tax return based upon the accumulated data cannot constitute a patentable distinction, because Longfield does exactly that.

(C) Claims 8 and 9 Do Not Present Any Patentable Distinction To Claim 1.

Appellants attempt to argue claims 8 and 9 separately but such ‘arguments’ merely restate claim language without presenting any argument, except to say that the use of identification numbers as opposed to names increases privacy. This is exactly the Examiner’s argument regarding privacy in Chong, wherein Chong discloses using I.D. numbers to access files at col. 4 line 49, and hence promotes privacy.

D. Claim 12 Has Not Been separately Argued

Claim 12 recites revealing identity of seller if improper conduct is identified. Appellants offer no argument except to restate the elements of claim 12 in combination with those from which it depends. Thus, the Board should not give individual attention to this claim, but consider it to rise and fall with the patentability of claim 1. Even still, Francisco et al disclose at col. 8, lines 22-34 and col. 7 lines 24-36 computer implemented “receiving”, “sorting” and “storing” responsibilities which can be verified by calling “an 800 number” which would obviously reveal the retailer’s identity.

E. Claims 13 and 14 Have Not Been Separately Argued

Appellants' "argument" regarding claims 13 and 14 does nothing more than restate the claim elements in combination without substitutive argument. Thus, these claims can only rise and fall with claim 1. In addition, Appellants have not challenged the Examiner's official notice regarding these claims, and hence the prima facie case of obviousness has not been rebutted.

F. Claim 16 Has Not Been Separately Argued

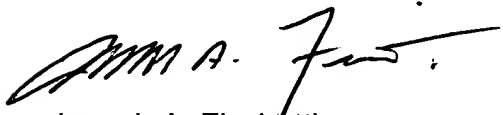
Appellant's "argument" regarding claim 16 does nothing more than restate the claim elements in combination without substantive argument. Thus this claim can only rise and fall with claim 1. Notwithstanding, page 25 of the RFP # 001185 recites that the states will compensate a (SP agent on a per transaction basis". Thus, claim 16 is clearly answered by RFP # 001185.

Conclusion

The Examiner's prima facie case of obviousness must stand because Appellants have not amended the claims to overcome the cited art. For the above reasons, it is believed that the rejections should be sustained.

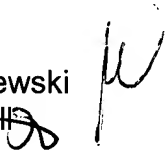
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Respectfully submitted,



Joseph A. Fischetti
Primary Examiner
3627
March 8, 2004

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Fischetti/vs
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